

NATIONAL RAILWAY EQUIPMENT CO.



HOME OFFICE: 14400 S. ROBEY STREET P O BOX 2270 DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 · FAX (708) 388-2487

July 17, 2007

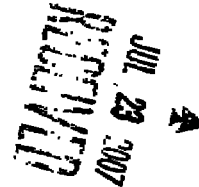
Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RECORDATION NO. 27087 FILED

JUL 25 '07

11-05 AM

SURFACE TRANSPORTATION BOARD



Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original of the memorandum of lease agreement and the schedule of equipment for a locomotive lease agreement dated May 21, 2007, a primary document under the Board's recordation regulations.

The names and addresses of the parties to the enclosed document are as follows:

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Cleveland-Cliffs Michigan Operations.
PO Box 2000
Ishpeming, Michigan 49849

A description of the equipment covered by the Lease Agreement is as follows:

One SD50-NF Special Duty Locomotive, bearing road # NREX 5462

A short summary of the document to appear in the index is as follows:

"Locomotive Lease Agreement"

Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Sincerely Yours,

NATIONAL RAILWAY EQUIPMENT CO.

By:  _____
Kristina Buchthal

JUL 25 '07

11-05 AM

LOCOMOTIVE LEASE AGREEMENT**SURFACE TRANSPORTATION BOARD**

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease"), entered into as of this 21st day of May 2007, between the National Railway Equipment Co., an Illinois corporation, ("LESSOR"), and Cleveland-Cliffs Michigan Operations, ("LESSEE").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:**1. LEASE AND LEASED PROPERTY**

Lessee hereby leases from Lessor, the locomotive, ("Locomotive" or "locomotive"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. TERM

The term of this Lease for each locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such locomotive is accepted by Lessee ("Commencement Date"). In the event of default of the lease, Lessee shall affect prompt delivery of the locomotive to Lessor at its Mt. Vernon, Illinois manufacturing facility.

3. RENTAL

A. The rental payable shall be the sum identified in Schedule "A" payable in advance monthly installments, with one month of advance rent payable upon purchase order receipt date and, in addition, two months of advance payment to be held as a security deposit. Lessee shall operate such locomotive in service on its railroad. If the Commencement Date for any locomotive does not fall on the first day of the month, the first rental payment shall be prorated accordingly.

B. Payments past due for more than five (5) days shall bear interest at the rate of twelve percent (12%) per annum.

C. All rentals shall be paid to Lessor at:

National Railway Equipment Co.
1473 Paysphere Circle
Chicago, IL 60674

or at such other address as Lessor may direct in writing.

4. TAXES

Lessee shall pay all use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the locomotive, or the use, registration, rental, maintenance, possession or operation thereof, and shall file any returns required therefor, and shall hold Lessor harmless against any liability and expense (including attorney fees and costs) on account of Lessee's failure to do the same.

WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

LESSOR:

**NATIONAL RAILWAY EQUIPMENT
CO.**

BY:

NAME: James M. Wurtz, Jr.

TITLE: Vice President

ATTEST: Robert E. Loewer, Jr.

BY:

TITLE: Director of Finance

(Corporate Seal)

LESSEE:

**CLEVELAND-CLIFFS MICHIGAN
OPERATIONS**

BY:

NAME: James Scullion

TITLE: Manager Maintenance

ATTEST:

BY:

TITLE: Mechanical Coordinator

(Corporate Seal)

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of May 21, 2007, by and between NATIONAL RAILWAY EQUIPMENT CO. ("Lessor"), and CLEVELAND-CLIFFS MICHIGAN OPERATIONS ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described herein.

Each locomotive is fully-described in a certain Lease Agreement dated as of May 21, 2007, (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LESSEE:

CLEVELAND-CLIFFS MICHIGAN OPERATIONS

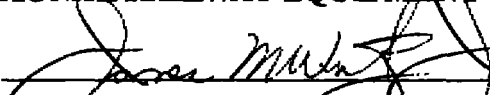
By: 

Name: James Scullion

Title: Manager Maintenance

LESSOR:

NATIONAL RAILWAY EQUIPMENT CO.

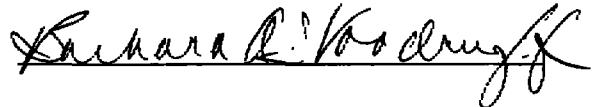
By: 

Name: James M. Wurtz, Jr.

Title: Vice President

STATE OF MICHIGAN))
) SS.
COUNTY OF MARQUETTE)

On this 21st day of May, 2007, before me appeared James Scullion, the person who signed this instrument who acknowledged that (s) he is the Manager Maintenance of **Cleveland-Cliffs Michigan Operations** and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



Notary Public

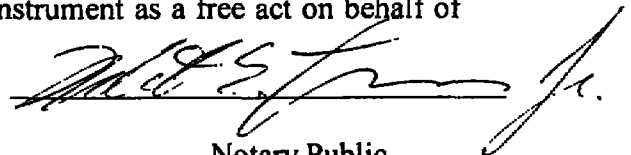
[Seal]

My Commission Expires:

BARBARA A. WOODRUFF
NOTARY PUBLIC, STATE OF MI
COUNTY OF MARQUETTE
MY COMMISSION EXPIRES Jan 12 2012

STATE OF ILLINOIS))
) SS.
COUNTY OF ~~WILL~~)
 Cook

On this 24th day of May, 2007, before me appeared James M. Wurtz Jr., the person who signed this instrument who acknowledged that (s) he is an officer of **NATIONAL RAILWAY EQUIPMENT CO.** and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



Notary Public

[Seal]

My Commission Expires:



SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: CLEVELAND-CLIFFS MICHIGAN OPERATIONS

Approved by: 
(Lessee to initial each page)

Attached to Bill of Sale dated:

Equipment Located at:

National Railway Equipment Co.'s
manufacturing facility in Paducah, Kentucky

Equipment Schedule No.: See Schedule "A"

**Manufacturer and/or Vendor
Name & Invoice Number**

**Equipment
Description**

National Railway Equipment Co.

NREX 5462
EMD SD50-NF